

AR43

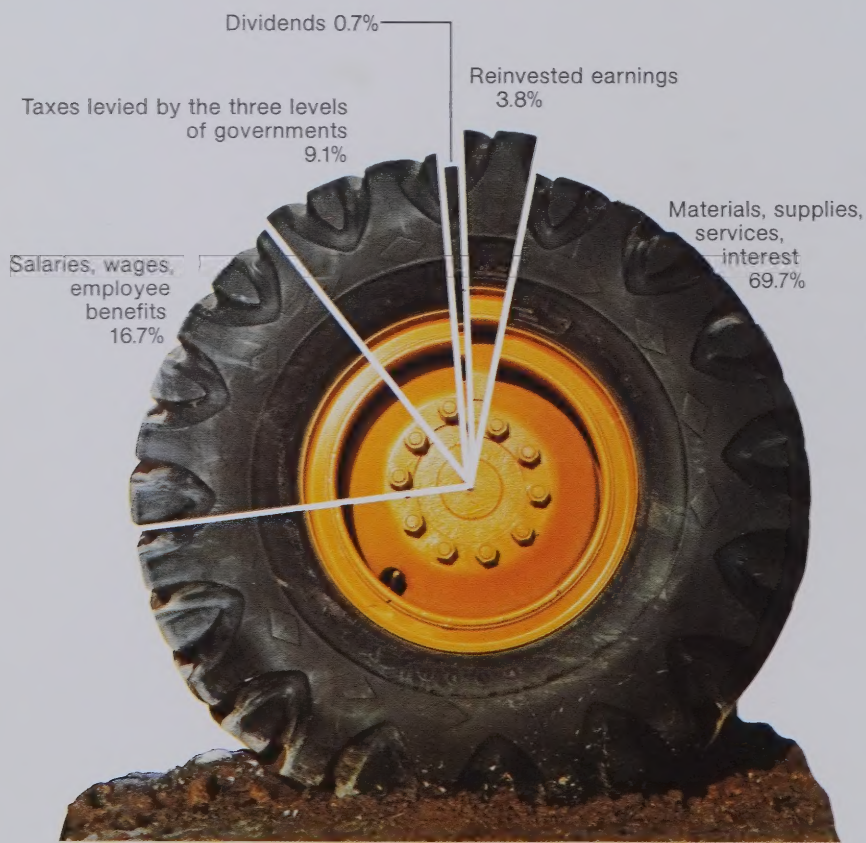


Results in Brief

(thousands of dollars)

Revenue	\$162,101
Income before income taxes	15,424
Net income	7,286
Capital expenditures	3,232
<hr/>	
Net income per share	\$ 1.85
Income before income taxes as a percentage of revenue	9.5%
Net income as a percentage of revenue	4.5%
Number of employees at year end	1,542

DISTRIBUTION OF THE REVENUE DOLLAR



ABOUT THE COVER

Tilt-a-whirl, ferris wheel and other thrill-a-minute rides create surrealist night photograph of an amusement show powered by portable 150 kilowatt Caterpillar diesel electric sets.

Our revenues reached \$162,101,000 in 1974, an increase of 9.4 per cent over 1973. Net income after tax rose to \$7,286,000, or \$1.85 per share, as compared to \$1.40 the previous year.

With only a modest increase in revenue, net income showed a significant gain. Some of the contributing factors were a relative reduction in expenses resulting from internal cost controls and increased interest income derived from the growth in our lease and conditional sales contract portfolios. Also, there was a substantially higher contribution to profit by our Air Products Division compared to 1973.

Significant factors which adversely affected our results were the continued high cost of borrowing and the much increased wage, salary and benefit costs. The surtax introduced in the last federal budget reduced earnings by nine cents per share.

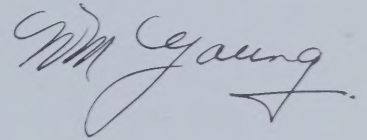
As a result of the price freeze in the United States, we had experienced a period of 28 months of price stability prior to January, 1974. Increases in our prime product prices in 1974 amounted to approximately 45 per cent when accumulated for the whole year. However, this increase amounts to 15 per cent per year when taken over the period of the last three years.

Machine shortages restricted our deliveries of prime product units to 88 per cent of the 1973 total. This decline in unit sales was partly offset by an increase in the sale of light industrial machines and other divisional products, as well as the buying and selling of late model used Caterpillar machines in the open market.

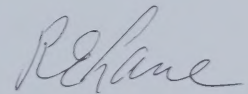
Because of machine shortages, equipment inventories were minimal throughout the year. As a result, very little inventory profit was realized on machines. On the other hand, some inflationary profits did accrue from our parts operations. To some extent, this was offset by increased carrying costs and expediting charges on the parts inventory. Under the conditions, it was necessary to hold the parts inventory at a high level in order to provide good

customer service at a time of shortages and delays in delivery.

1974 was a difficult year. However, everyone associated with this company has done an outstanding job during an extremely frustrating period. Barring a complete dislocation of our forest and mining industries, 1975 should produce satisfactory results. It is felt that we can continue to improve our services to our customers while at the same time achieving a reasonable return for the shareholders.



W. M. YOUNG
*Chairman of the Board and
Chief Executive Officer*



R. E. LANE
*President and
Chief Operating Officer*

Market Review

Revenue and net income again reached new highs. Strong demand continued for most of 1974, particularly in forestry and construction markets.

The year was not without its problems but the company was able to counteract the negative forces sufficiently to record an excellent year.

Shortages of prime product, particularly Caterpillar, posed the major difficulty. The large machines that usually represent the major part of our volume were in critically short supply and in order to maintain overall volume, alternative sales had to be developed.

The void was filled by purchasing late model used Caterpillar equipment on the open market in Canada and other countries and by selling aggressively Caterpillar's recently introduced new line of 65 horsepower tractors, track loaders and wheel loaders. These machines, manufactured in Japan, were in comparatively good supply and our success with their introduction helped to offset the lack of bigger models. The company's earlier expansion of product lines again proved profitable as divisions were less affected by shortages and better able to meet demand.

In parts supply, we had foreseen some of the factors leading to shortages and had built inventories to higher than normal levels. Accordingly we were able to maintain our standard of service to customers. New equipment shortages created higher volume for parts and service and we had the manpower and the facilities to meet the situation satisfactorily.

Our success in such an unusual year showed that the planning of management and the ability of our employees were equal to the challenge.

FORESTRY Sales and prices of forestry products maintained 1973's buoyant pace until mid-year when the first signs of a troubled economy appeared. By year end lumber and plywood production was down sharply as new housing starts in Canada and the United States fell to their lowest

levels in several years. However, the new equipment shortages had created a backlog of orders which lessened the effect of the dramatic reduction in demand for forest products. Strong markets for pulp and paper that prevailed in the last two years continued but as 1974 closed, demand had peaked and some softening appeared in pulp, linerboard and related products.

CONSTRUCTION Despite the absence of the more spectacular projects such as new dams and major highway construction, construction sales increased over the previous 12 months. Activity centered mainly in highway maintenance, pollution and environmental control, and additions to existing facilities. A contributing factor to improved construction sales was the new Caterpillar small machine line that gave us entry to light utility, installation of municipal services, landscaping, loading and handling applications.

MINING Coal was the highlight of the mining industry, production value soaring from \$88 million in 1973 to an estimated \$156.8 million. Zinc and molybdenum values were up slightly as lead and copper declined. Reduced world prices forced closures and cutbacks in several mining operations and exploration activity fell for the second successive year amid the confusion and controversy over provincial and federal resource tax legislation. As a result, mining sales were restricted largely to replacements.

PETROLEUM Resource taxation proposals also had their effect on oil and natural gas exploration in the province but activity in the Mackenzie Valley

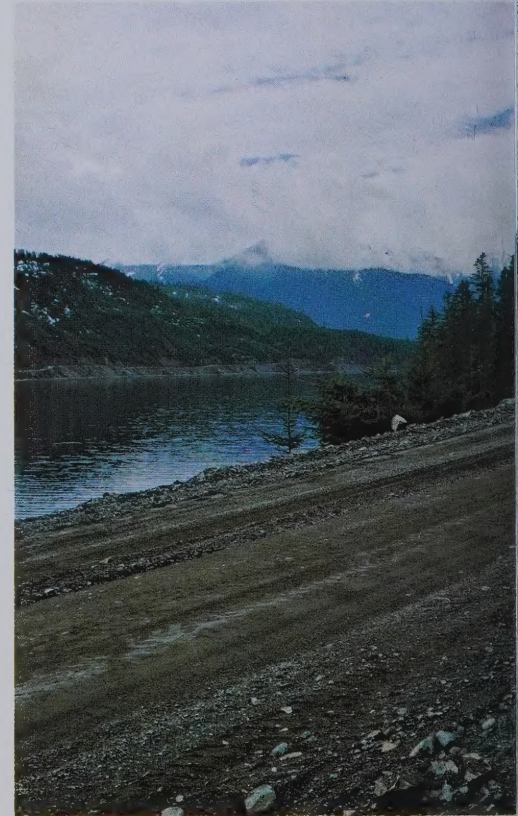
Brightest spot in mining was almost 80% increase in value of coal production from vast East Kootenay fields. Typical operation is shown here at 5,200 foot level of appropriately named Coal Mountain.







Finning-designed attachments, such as this 4 cubic yard chip bucket on a Caterpillar 941 track loader, increase efficiency and production in special jobs.



One of the major highway reconstruction projects during the year was further widening of Highway 1 between Chilliwack and Hope. This will extend "free-way" east of Vancouver to 82 miles.



area of the Northwest Territories resulted in the company recording its busiest year ever in that territory.

USED EQUIPMENT Used equipment volume was the highest in our history and, as in 1973, accounted for a larger than usual share of total revenue. Late model used Caterpillar equipment was purchased on the open market within the province and in other countries of the world to meet a demand created by the unavailability of new products. Demand for some models, notably log skidders, slowed in the last quarter.

NEW PRODUCTS The company acquired the dealership for Raygo Wagner log stackers manufactured in Portland, Oregon. These machines can handle loads up to 200,000 pounds. The stackers are used in dry land sorting where logs from the woods are off-loaded, sorted and stacked by specie, then bundled for water transportation or truck haul to mills. The dry land operation is a new practice which avoids the harmful ecological effects of the long-used water sort and storage system along the coastline. The Raygo Wagner stackers are used in conjunction with smaller Caterpillar wheel loaders and broaden our logging equipment line. Initial sales have been excellent and should continue as more conversions to dry land sorting operations are made.

PARTS AND SERVICE As in 1973, revenue from parts and service sales increased significantly. Shortages of new equipment delayed replacement purchases and resulted in improved parts and service markets for machines in the field. While some parts shortages did occur throughout the year, the inventories built up in anticipation of supply difficulties put us in a better position to fill customer orders.

New markets for several Caterpillar parts supply items were further developed. Sales of high pressure XT-3 hydraulic hose and couplings, as one example, increased significantly.

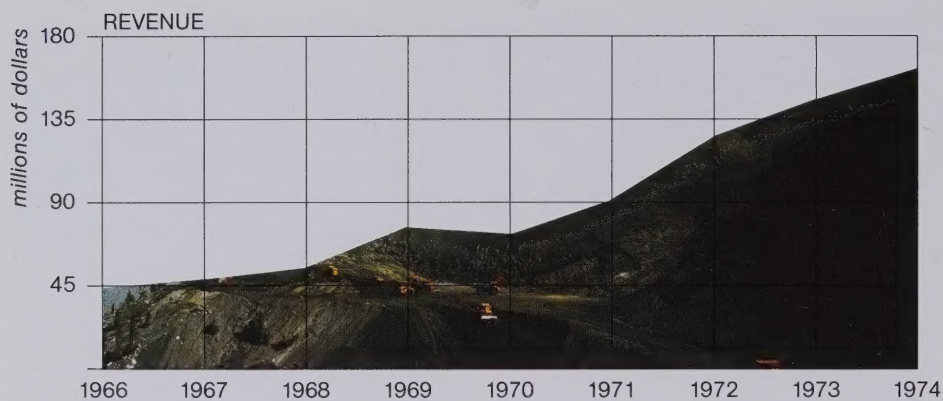
Special "Total Service" programs were further refined. These include diagnostic services, maintenance in-

spections, scheduled component replacement, and other programs up to complete responsibility for customer service requirements.

Apprenticeship programs for the parts and service departments had a full enrolment of 210. A new modular service apprenticeship program, the first in Canada, was inaugurated. This reduces the apprenticeship course from four years to three and permits apprentices to be trained wholly within the company and without attendance at provincial vocational schools. It develops better mechanics faster, at no extra costs, and eases the perennial shortage of qualified personnel.



Six new motor graders were introduced by Caterpillar. Major improvement was "hinged in the middle" articulation which provides exceptional maneuverability.

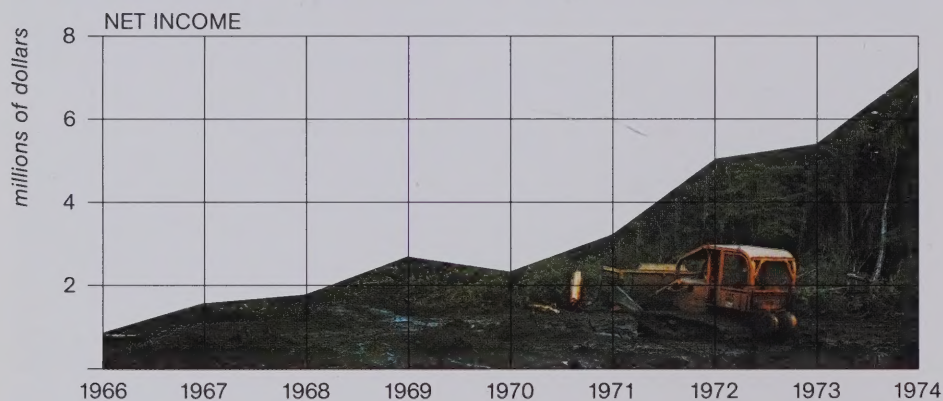


Revenue

Income before income taxes

Net income

Capital expenditures

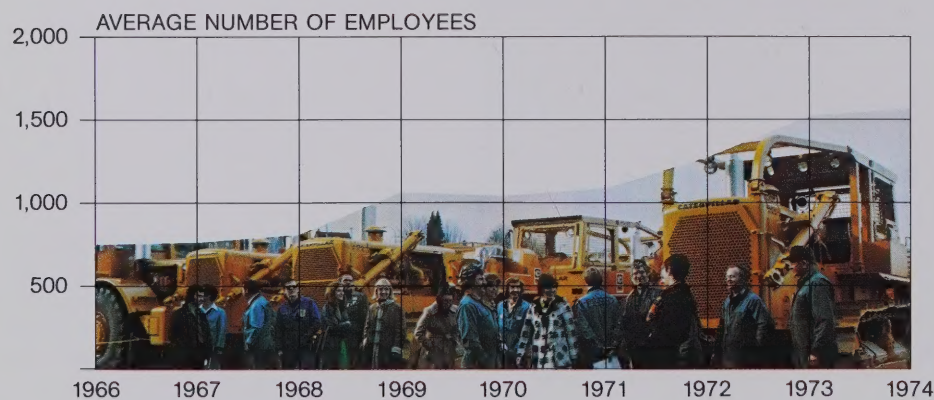
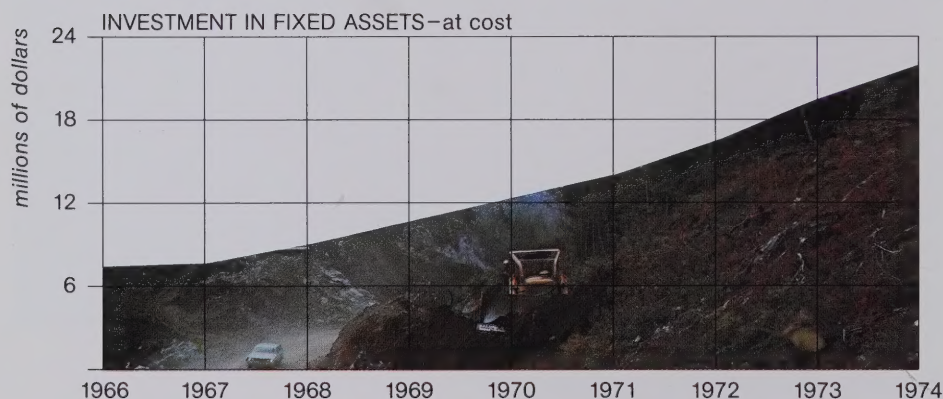


Net income per share

Income before income taxes
as a percentage of revenue

Net income as a percentage of revenue

Number of employees at year end



Highlights of Operations

1974	1973	1972	1971	1970	1969	1968	1967	1966
			(thousands of dollars)					
\$162,101	\$148,157	\$126,622	\$91,707	\$74,092	\$78,584	\$55,413	\$49,508	\$45,514
15,424	11,241	9,732	6,422	4,867	5,671	3,838	3,159	1,829
7,286	5,475	5,084	3,286	2,384	2,772	1,812	1,681	967
3,232	3,533	2,552	1,786	1,630	1,985	1,671	412	847
\$ 1.85	\$ 1.40	\$ 1.31	\$.84	\$.61	\$.71	\$.47	\$.43	\$.25
9.5%	7.6%	7.7%	7.0%	6.6%	7.2%	6.9%	6.4%	4.0%
4.5%	3.7%	4.0%	3.6%	3.2%	3.5%	3.3%	3.4%	2.1%
1,542	1,577	1,373	1,180	1,011	1,207	894	765	750

Consolidated Balance Sheets

December 31, 1974 and 1973

Assets	1974	1973
CURRENT ASSETS:		
Cash	\$ —	\$ 14,320
Accounts and notes receivable (Note 5) —		
Accounts receivable	24,011,135	19,538,411
Instalment notes, at principal balances, including \$11,114,938 due after one year (\$8,235,888 in 1973)	24,181,323	18,423,506
Inventories (Notes 2 and 6) —		
Equipment	34,633,496	20,622,803
Parts and supplies	16,684,397	17,183,362
Total current assets	<u>\$ 99,510,351</u>	<u>\$ 75,782,402</u>
EQUIPMENT LEASED TO CUSTOMERS, at cost less accumulated depreciation of \$8,926,040 (\$7,858,171 in 1973) (Notes 3, 5 and 6)	<u>\$ 20,756,327</u>	<u>\$ 15,022,420</u>
FIXED ASSETS, at cost (Notes 4, 5 and 6):		
Land	\$ 2,146,129	\$ 1,360,142
Buildings and equipment	\$ 19,960,847	\$ 18,188,948
Less accumulated depreciation	<u>8,936,229</u>	<u>7,737,578</u>
	<u>\$ 11,024,618</u>	<u>\$ 10,451,370</u>
	<u>\$ 13,170,747</u>	<u>\$ 11,811,512</u>
OTHER ASSETS, at cost	—	\$ 60,461
Approved on behalf of the Board: "R. E. LANE," Director "V. K. SOOD," Director		
	<u>\$133,437,425</u>	<u>\$102,676,795</u>

Finning Tractor & Equipment Company Limited

Liabilities	1974	1973
CURRENT LIABILITIES:		
Notes payable—bank (Note 5)	\$ 65,135,210	\$ 48,239,913
Accounts payable and accruals (Note 7)	15,288,804	11,828,095
Income taxes payable	1,911,996	—
Deferred income taxes—current portion (Note 8)	4,755,444	3,186,685
Current portion of long-term debt (Note 6)	<u>646,868</u>	<u>642,916</u>
Total current liabilities	\$ 87,738,322	\$ 63,897,609
 LONG-TERM DEBT, net of current portion (Note 6)	 \$ 1,081,881	 \$ 1,713,086
 DEFERRED INCOME TAXES (Note 8)	 \$ 5,596,115	 \$ 4,353,116
 SHAREHOLDERS' EQUITY:		
Share capital (Notes 9 and 10)	\$ 8,915,194	\$ 8,790,244
Retained earnings (Note 11)—		
Balance, beginning of year	\$ 23,922,740	\$ 19,386,917
Net income	7,286,023	5,474,914
Dividends paid	(1,102,850)	(939,091)
Balance, end of year	\$ 30,105,913	\$ 23,922,740
	\$ 39,021,107	\$ 32,712,984
	 <u>\$133,437,425</u>	 <u>\$102,676,795</u>

Consolidated Statements of Income

for the years ended December 31, 1974 and 1973

	1974	1973
REVENUE	\$162,100,543	\$148,157,382
 EXPENSES (Notes 12 and 13):		
Cost of sales and selling expenses	\$129,850,532	\$125,233,981
General and administrative	10,781,263	8,411,933
Interest—Current	5,913,139	3,089,455
Long-term	<u>132,095</u>	<u>180,675</u>
	\$146,677,029	\$136,916,044
 INCOME BEFORE INCOME TAXES	 \$ 15,423,514	 \$ 11,241,338
 PROVISION FOR INCOME TAXES	 8,137,491	 5,766,424
NET INCOME	<u>\$ 7,286,023</u>	<u>\$ 5,474,914</u>
 NET INCOME PER SHARE (Note 14)	 \$ 1.85	 \$ 1.40

Consolidated Statements of Changes in Financial Position

for the years ended December 31, 1974 and 1973

	1974	1973
FUNDS PROVIDED BY:		
Operations—		
Net income	\$ 7,286,023	\$ 5,474,914
Add charges not requiring the outlay of funds—		
Depreciation—		
Equipment leased to customers	4,486,271	3,874,820
Fixed assets	1,503,852	1,260,714
Deferred income taxes	<u>1,242,999</u>	<u>818,569</u>
Total funds from operations	\$ 14,519,145	\$ 11,429,017
Sale of fixed assets	368,463	437,626
Long-term debt	22,895	1,505,874
Issue of share capital	124,950	163,710
Other	<u>60,461</u>	<u>(5,805)</u>
	\$ 15,095,914	\$ 13,530,422
 FUNDS APPLIED TO:		
Additions—		
Equipment leased to customers, net of disposals	\$ 10,220,178	\$ 5,531,068
Fixed assets	3,231,550	3,533,405
Payment of long-term debt	654,100	2,253,448
Dividends paid	<u>1,102,850</u>	<u>939,091</u>
	\$ 15,208,678	\$ 12,257,012
 Increase (Decrease) in working capital	 \$ (112,764)	 \$ 1,273,410
WORKING CAPITAL, BEGINNING OF YEAR	<u>11,884,793</u>	<u>10,611,383</u>
WORKING CAPITAL, END OF YEAR	<u>\$ 11,772,029</u>	<u>\$ 11,884,793</u>

Notes to Consolidated Financial Statements

December 31, 1974

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the assets, liabilities and results of the operations of subsidiary companies, all of which are wholly-owned. They are:

- Airpro Equipment Ltd., operating as Finning Air Products Division and Air Products (Alberta)
- Cancl Properties Ltd.
- Finning Air Products Ltd., a wholly-owned subsidiary of Airpro Equipment Ltd.
- Finning Finance Limited
- Finning Tractor (1959) Ltd.

2. INVENTORIES

Inventories have been valued at the lower of cost or net realizable value. Cost has been determined on a specific item, actual cost basis for equipment and a first-in, first-out basis for parts and supplies.

3. EQUIPMENT LEASED TO CUSTOMERS

Depreciation of equipment leased to customers has been provided in the accounts in equal monthly amounts over the terms of the individual leases after giving recognition to the estimated residual value of each unit of equipment at the end of each lease.

4. FIXED ASSETS

Depreciation of fixed assets has been provided in the accounts at the following annual rates on a declining balance basis:

Buildings	5% and 10%
General equipment	20%
Automotive equipment	30%

5. NOTES PAYABLE—BANK	1974	1973
Notes payable on demand	\$29,211,127	\$23,318,807
Bankers' acceptances payable at various dates within nine days after December 31, 1974 (within 18 days after December 31, 1973)	35,924,083	24,921,106
	\$65,135,210	\$48,239,913

Notes payable to the bank are secured by the pledge of Demand Debentures of the Company in the principal amount of \$10,000,000, ranking next in priority to the First Mortgage Debentures; by an assignment of fire insurance; a general assignment of book debts; a pledge of notes receivable; a pledge of certain equipment rental agreements; and by the guarantee of Finning Tractor (1959) Ltd. The Demand Debentures are secured on the same basis as the First Mortgage Debentures.

6. LONG-TERM DEBT	1974	1973
First Mortgage Debentures	\$1,400,000	\$2,000,000
Other first mortgages	254,907	272,850
Other secured agreements	73,842	83,152
	\$1,728,749	\$2,356,002
Less—		
Current portion included in current liabilities	646,868	642,916
	\$1,081,881	\$1,713,086

The First Mortgage Debentures, of which \$600,000 is due in 1975 and \$800,000 in 1976, bear interest at 7¼% per annum. They are secured by a trust deed which constitutes a first fixed charge on substantially all the fixed assets of the Company and all the shares of its subsidiary, Finning Tractor (1959) Ltd., and by a floating charge on the undertaking, property and assets of the Company and Finning Tractor (1959) Ltd. They are guaranteed by Finning Tractor (1959) Ltd. Other first mortgages on certain land and buildings bear interest from 7% to 10% per annum. Combined annual payments, including principal and interest, total \$43,274. Maturity dates of the various first mortgages range from 1979 to 1995. Other secured agreements bear interest from 6% to 8% per annum. Combined annual principal payments total \$13,702 and these agreements mature in 1978 and 1982 excepting a loan against the cash surrender value of a life insurance policy which has no specific repayment terms.

7. CURRENCY CONVERSION

The accounts payable and accruals include \$7,050,245 (\$3,943,365 at December 31, 1973) payable in U.S. funds which has been converted to Canadian funds at the year-end exchange rate.

8. DEFERRED INCOME TAXES

Deferred income taxes have resulted from reporting certain items for income tax purposes on bases which differ from accounting policies. The current portion of deferred income taxes relates to the following current assets:

- (a) Inventories, which include equipment rented to customers on a short-term basis. For accounting purposes depreciation is recorded on the basis of rentals billed while for income tax purposes maximum allowances are claimed.
- (b) Notes receivable, which include conditional sales contracts relating to equipment sales. For accounting purposes the profit is recognized when the sale is made while for income tax purposes the profit is reported as principal payments are received.

The non-current portion of deferred income taxes relates to Equipment Leased to Customers on which depreciation for accounting purposes is recorded as explained in Note 3. For income tax purposes maximum allowances are claimed.

9. SHARE CAPITAL

The Company is authorized to issue 10,000,000 Common Shares without nominal or par value.

The changes in the outstanding share capital during 1974 were as follows:

	Number of Common Shares	Dollars
Outstanding, December 31, 1973	3,923,350	\$8,790,244
Issued for cash on exercise of stock options	19,600	124,950
Outstanding, December 31, 1974	3,942,950	\$8,915,194

10. STOCK OPTIONS

In 1969, an employee stock option plan reserved 194,400 Common Shares of the Company for issue under options granted to full-time officers and employees.

The directors granted options to purchase 84,000 of the 194,400 Common Shares to 17 employees. Of these, six are directors or senior officers who received options to purchase in the aggregate 54,000 Common Shares and 11 are other employees who received options to purchase in the aggregate 30,000 Common Shares. Options are exercisable at \$6.375 per share on a 20% cumulative basis during each of the five consecutive 12 month periods which commenced May 1, 1970 and expire April 30, 1975. All options terminate on cessation of employment. As at December 31, 1974, options on 54,950 Common Shares had been exercised. Options on 600 Common Shares had terminated on cessation of employment and these shares once again became reserved under the plan. There are 28,450 Common Shares subject to unexercised options.

Options on the remaining 111,000 Common Shares reserved under the plan may be granted at prices not less than 90% of the higher of the last reported sale price of such shares on the Vancouver Stock Exchange or The Toronto Stock Exchange on the day immediately preceding that on which such options are granted.

11. RESTRICTIONS UNDER DEBENTURE TRUST DEEDS

The trust deeds securing the Demand Debentures referred to in Note 5 and the First Mortgage Debentures referred to in Note 6 contain certain restrictions. These include provisions that the Company will not permit net working capital to be less than \$12,500,000 and that the Company and any subsidiary will not, without the consent of the holder of the debentures, declare or pay any dividend which would reduce net working capital below \$12,500,000.

Net working capital is defined under the trust deeds to include the working capital as reflected in the consolidated balance sheets together with Equipment Leased to Customers and minor items. The defined net working capital amounted to \$40,398,582 at December 31, 1974 and \$32,488,521 at December 31, 1973. Accordingly, \$27,898,582

of retained earnings was not restricted at December 31, 1974 and \$19,988,521 was not restricted at December 31, 1973.

12. PENSION PLAN

The Company retains an independent consultant to prepare actuarial reports on the employee pension plan. The last report, prepared as of December 31, 1973, indicated unfunded past service costs of \$880,000, after taking into account projected future remuneration of employees. In accordance with the consultant's recommendation, this past service cost is being amortized over a period of 18 years which commenced in 1974.

13. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid by the Company and its subsidiaries directly or indirectly to the directors and senior officers was \$665,510 in 1974 and \$488,835 in 1973.

14. NET INCOME PER SHARE

Net income per share has been calculated on the following weighted average numbers of Common Shares outstanding during each year:

1974	1973
3,939,683	3,913,240

The dilution of net income per share which would occur if the unexercised options referred to in Note 10 are exercised is relatively insignificant.

Auditors' Report

TO THE SHAREHOLDERS OF FINNING TRACTOR & EQUIPMENT COMPANY LIMITED:

We have examined the consolidated balance sheets of FINNING TRACTOR & EQUIPMENT COMPANY LIMITED (a British Columbia company) AND SUBSIDIARIES as of December 31, 1974 and 1973, and the related consolidated statements of income and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Finning Tractor & Equipment Company Limited and subsidiaries as of December 31, 1974 and 1973, and the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.,
Chartered Accountants.

February 5, 1975,
Vancouver, Canada.

Finning Tractor & Equipment Company Limited

HEAD OFFICE
555 Great Northern Way,
Vancouver, Canada

REGISTRAR AND TRANSFER AGENT
Canada Permanent Trust Company,
Vancouver, Calgary, Winnipeg,
Toronto and Montreal, Canada

AUDITORS
Arthur Andersen & Co.,
Chartered Accountants,
Vancouver, Canada

STOCK EXCHANGES
Vancouver Stock Exchange
The Toronto Stock Exchange

SOLICITORS
Ladner Downs,
Barristers and Solicitors,
Vancouver, Canada



The five product divisions, less plagued by supply problems, increased their shares of market and contributions to overall revenue and profitability.

The Air Products Division had its best year ever. The bellwether of its product line, the Finning Tank Drill, had good sales, not only to the forest industry for which it was designed but also to construction, mining and pipeline operations. The first out-of-province sales were made and promising inquiries resulted from the Tank Drill being displayed to 28,000 delegates at the American Mining Congress in Las Vegas, Nevada. Air Products (Alberta) operations showed good growth and in September, a new facility was opened in Edmonton in addition to the Calgary facility.

The Crane and Excavator Division's year was highlighted by new products. Caterpillar produced a second model of its hydraulic excavator line and both machines found excellent acceptance by the construction industry. The excavators were also demonstrated as an efficient tool for building logging roads and, fitted with cutters and grapples, will find application in woods harvesting and loading operations. With the advent of the Caterpillar product, the Koehring and Bantam excavator and log loader lines were discontinued in accordance with our agreement with the Koehring Company. Sales for Grove hydraulic cranes increased with the smaller industrial yard crane having good potential. The JLG Lift, a mobile, hydraulic personnel lift, is now sold by the division. The biggest model can lift as much as 1,000 pounds to heights of 80 feet and the machines have dozens of applications replacing ladders or scaffolding. The JLG Lift will be marketed in Alberta by Air Products, a division of Finning.

The JLG Lift is being marketed in British Columbia and Alberta. The hydraulically operated platform can lift 1,000 pounds up to 80 feet and has many uses as a "mobile scaffold".



Raygo Wagner log stackers can pick up a truckload of logs in one or two passes. The huge machines are the prime unit in dryland sorting operations which, because of their ecological benefits, are replacing traditional water sorting methods along the coast.



The Finning Tank Drill is a major factor in Air Products Division sales. Originally designed as a logging road building tool, the unit is now used in construction and mining. First out-of-province sales were recorded during the year.



The Engine Division reported increased sales of marine engines as B.C. shipyards were busy with fishboat and towboat orders. Several sales were made for vessels engaged in offshore oil exploration in the Arctic. The number of Caterpillar engines in on-highway trucks is increasing rapidly. These engines have been serviced by truck dealers authorized under the Total Engine Product Support program but by December service requirements had grown to the point where it was necessary to augment the facilities available. Accordingly, the company established a truck engine centre in Burnaby which will be fully operational early in 1975.

The Lift Truck Division reported increased deliveries of new and used units and continued its growth in parts and service volume. Caterpillar's electric lift trucks initially marketed in 1973, enabled further penetration into the general warehousing market.

Light Industrial Division activity was focused on sales of Caterpillar's newest and smallest product line—the D3 tractor, 931 track loader and 910 wheel loader. A series of Field Days demonstrated the features of these products to prospects in seven major locations throughout the province and helped to generate good sales volume in a highly competitive market. The division acquired the dealership for White loader backhoes which complement the Caterpillar machines and are used primarily in installation of underground services.

The smallest of Caterpillar's wheel loaders, fitted with 2½ cubic yard light material bucket, maintains three-minute production cycle at big peat moss processing plant in Lower Mainland.



Caterpillar's new 65 horsepower D3 tractor, 910 wheel loader and 931 track loader were demonstrated by the Light Industrial Division at well-attended Field Days throughout the province.



Personnel and Operations



The major capital project in 1974 was completion of the second stage in expanding and upgrading the Williams Lake facility. A 5,000 square foot addition doubled existing service capacity and followed earlier completion of sales and office area.

Several additional depots were established; in Burnaby, Revelstoke, Prince George (for lift truck service), and at Port Hardy, to replace, early in 1975, the Port McNeill operation. A further 24.5 acres was acquired in the company's land assembly program for future expansion at Vancouver, Nanaimo, Quesnel, Golden and Nelson.

The number of employees at year end was 1,542, compared to 1,577 in 1973. Total wages, salaries and benefits paid to employees in 1974 was \$27,009,276, an increase of 21.3 per cent over the \$22,261,448 paid in 1973.

Negotiations with the International Association of Machinists and Aerospace Workers were concluded in the third quarter; terms of the contract became effective August 16, 1974. The new agreement was a two-part contract with benefits and working conditions agreed upon for 26 months to October 15, 1976; wage rates in effect for 14 months to October 15, 1975.

The company's major operations throughout British Columbia and the Mackenzie Valley region of the Northwest Territories are located in Cranbrook, Dawson Creek, Houston, Inuvik, Kamloops, Nelson, Prince George, Terrace, Vancouver, Vernon and Williams Lake. Satellite depots are located in Campbell River, Chilliwack, Fort Nelson, Golden, Mackenzie, Nanaimo, Port McNeill, Quesnel, Sparwood and Victoria. Service representatives are resident in 17 other communities.

Long-necked 65-ton Grove hydraulic crane lifts steel plate from hold of ship at Vancouver waterfront.

Finning Tractor & Equipment Company Limited

Directors

H. CLARK BENTALL
*Chairman of the Board and
Chief Executive Officer, The Dominion
Construction Company Limited,
Vancouver*

ROBERT C. BISS*
*Vice President, Finning Tractor &
Equipment Company Limited,
Vancouver*

JOHN D. FRAZEE*
*Vice President, Finning Tractor &
Equipment Company Limited,
Vancouver*

JOHN C. GILMER
*President and Chief Executive Officer,
CP Air, Vancouver*

THOMAS E. LADNER, Q.C.
*Partner, Ladner Downs,
Vancouver*

RICHARD E. LANE*
*President and Chief Operating Officer,
Finning Tractor & Equipment
Company Limited, Vancouver*

J. ROSS LEMESURIER
*Vice President, Wood Gundy Limited,
Toronto*

VINOD K. SOOD*
*Vice President, Finning Tractor &
Equipment Company Limited,
Vancouver*

W. MAURICE YOUNG*
*Chairman of the Board and Chief
Executive Officer, Finning Tractor &
Equipment Company Limited,
Vancouver*

*Member, Executive Committee

Officers

W. MAURICE YOUNG
*Chairman of the Board and
Chief Executive Officer*

RICHARD E. LANE
*President and
Chief Operating Officer*

ROBERT C. BISS
Vice President Parts and Service

JOHN D. FRAZEE
Vice President Sales

VINOD K. SOOD
Vice President Finance

RONALD W. PARK
Secretary

Operations, Division and Staff Managers

W. F. Holmes, *Interior Operations*
D. W. Lord, *Coastal Operations*
R. W. Stewart, *Mining & Major Accounts*

J. J. Blunt, *Houston*
C. A. Cederberg, *Terrace*
P. Clarke, *Inuvik*
G. M. Correale, *Nelson*
J. D. Desimone, *Dawson Creek*
G. R. Kincade, *Prince George*
B. A. McDowell, *Williams Lake*
B. M. Moore, *Kamloops*
L. E. Norlander, *Vernon*
A. V. Scribner, *Cranbrook*

J. A. Carthy, *Engine Division*
A. E. Holden, *Light Industrial Division*
P. J. Kelly, *Lift Truck Division*
M. W. Kooting, *Crane & Excavator
Division*
R. G. Williamson, *Air Products Division*

R. M. Kaye, *General Parts*
G. F. Kiss, *General Service*
R. W. Claridge, *Vancouver Parts*
B. I. Davis, *Vancouver Service*
T. R. Motteler, *Parts & Service Sales*

A. Coe, *Sales Development*
E. G. Inglis, *Training*
R. C. Ley, *Advertising & Public Relations*
C. C. Loyst, *Personnel*
J. J. Mulvaney, *Used Equipment
Administration*
T. A. Shorter, *Used Equipment*

L. R. Broderick, *Leasing*
D. L. Christie, *Administration*
C. A. Harris, *Data Processing*
H. H. Lunow, *Purchasing*
W. F. Merrell, *Accounting*
R. S. Scott, *Credit*
A. M. Steele, *Audit & Systems*

Cat D3 tractor was stripped to frame then lifted piece by piece by helicopter to 2,200-foot peak near Kemano. In four-week period, machine pushed 11,000 yards of rock and earth over mountain edge to form saddle designed to detour avalanches from powerline towers.





FINNING

555 Great Northern Way,
Vancouver, B.C.

